



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D07-35
TWG Home Warranty Services, Inc.)	
)	CONSENT AND ORDER
An authorized Service Contract Provider)	IMPOSING A FINE

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.05.185, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. TWG Home Warranty Services, Inc. ("TWG" or "The Company") became a registered service contract provider in Washington in May, 2002. At that time, the name of the company was AON Home Warranty Services.
2. The Insurance Code does not provide for formal approval of the non-vehicle service contract forms used by registered Service Contract Providers. However, in the process of the company's registration as a Service Contract Provider, the company was informed that all service contracts used in Washington must comply with the language content requirements of Chapter 48.110 RCW.
3. In 2005, a consumer complaint was made to OIC regarding AON Home Warranty Services' handling of his claim for a furnace replacement. That complaint is now resolved. However, as part of the investigation of this claim, OIC obtained a copy of TWG's service contract form as it was being sold to consumers.
4. The contract contained a \$30 cancellation fee, and provided that the consumer could not apply directly to the underwriting reimbursement insurer unless 60 days have passed and the company had failed to resolve the claim. Neither the cancellation fee nor the waiting period is allowed under RCW 48.110.050 and -.060.

5. The company sold 28,283 deficient contracts in Washington.

CONCLUSIONS OF LAW

1. TWG's service contracts violated RCW 48.110.050 and RCW 48.110.060.
2. RCW 48.110.130(3) authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license for violation of Chapter 48.110 RCW.

CONSENT TO ORDER

NOW, THEREFORE, TWG Home Warranty Services consents to the following in consideration of The Company's desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of The Company's fine on such terms and conditions as are set forth below:

1. The OIC will impose a fine of Fifty-Eight-Thousand Five-Hundred and Forty-Five Dollars (\$58,545), and suspend Thirty-Nine Thousand and Thirty Dollars (\$39,030) of that, on the conditions that:

- a. Within thirty days of the entry of this Order, TWG Home Warranty Services pays Nineteen Thousand Five Hundred and Fifteen Dollars (\$19,515);

- b. The company commits no further violations of the statutes and regulations that are the subject of this order for a period of two years from the time this order is entered. The OIC will not impose the balance of this fine nor take action against the company's status as a registered Service Contract Provider should it commit isolated, de minimis violations of the statutes and regulations that are the subject of this order during the suspense period, as determined by the OIC. TWG Home Warranty Services commits to rectifying such violations promptly once they are discovered;

- c. Whether further violations of the statutes and regulations which are the subject of this Order have occurred, and whether they are isolated or de minimis, will be determined at the sole discretion of the Insurance Commissioner;

- d. The Company understands and agrees that any future failure to comply with the statutes and regulations which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation, in addition to the imposition of the suspended portion of the fine; and

- e. The suspended portion of this fine will be imposed at the sole discretion of the Insurance Commissioner according to the conditions set forth above, without any right to advance notice, hearing, or appeal.

2. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of TWG Home Warranty Services' status as a registered Service Contract Provider.

EXECUTED this 10th day of MAY, 2007.

TWG Home Warranty Services, Inc.

By: _____

Title: VICE PRESIDENT, SECRETARY + GENERAL
COUNSEL

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. TWG Home Warranty Services, Inc. is ordered to pay a fine in the amount of Fifty-Eight-Thousand Five-Hundred and Forty-Five Dollars (\$58,545), of which Thirty-Nine Thousand and Thirty Dollars (\$39,030) is suspended on the conditions set forth and agreed to above.
2. Nineteen Thousand Five Hundred and Fifteen Dollars (\$19,515); must be paid in full within thirty days of the date of entry of this order. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of TWG Home Warranty Services, Inc.'s status as a registered Service Contract Provider, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 17th day of May, 2007.

Mike Kreidler
Washington State Insurance Commissioner

By: _____

Andrea L. Philhower
Andrea L. Philhower
Staff Attorney, Legal Affairs Division